



UNDER SECRETARY OF DEFENSE  
4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

FEB 25 2002

PERSONNEL AND  
READINESS

The Honorable Bob Stump  
Chairman, Armed Services Committee  
U. S. House of Representatives  
Washington, DC 20510

Dear Mr. Chairman:

I am pleased to forward the Annual Report of the Armed Forces Retirement Home (AFRH) for Fiscal Year 2000. This report is submitted in accordance with 24 U.S.C., subsection 416(f), and covers the financial and other affairs of the AFRH for Fiscal Year 2000.

Sincerely,

David S. C. Chu

Enclosure:  
As stated

cc:  
The Honorable Ike Skelton  
Ranking Member

HOUSE COMMITTEE ON

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# **ARMED FORCES RETIREMENT HOME ANNUAL REPORT**

## **for**

## **Fiscal Year 2000**

### **INTRODUCTION**

The Armed Forces Retirement Home (AFRH) was created by the AFRH Act of 1991. This Act incorporated the U. S. Soldiers' and Airmen's Home (USSAH) in Washington, DC, and the U. S. Naval Home (USNH) in Gulfport, Mississippi, into one independent establishment in the Executive Branch of the Federal Government.

The Naval Home was established by Congress more than 160 years ago as a Home for destitute and decrepit naval officers, sailors, and marines. The Home was officially opened in Philadelphia in 1834 and was initially funded by contributions from the active force. As early as 1796, contributions of 20 cents per month were collected from every active duty member. This contribution was augmented by all fines imposed upon persons of the Navy and was the principal source of monies to the Naval Hospital Fund/Pension Fund until 1934. The Pension Fund was abolished by Congress in 1934, and from 1935 until 1991 the Naval Home was funded by annual appropriations from the Navy Department budget. The Naval Home was relocated in 1976 from Philadelphia to its current site in Gulfport, Mississippi.

The Soldiers' and Airmen's Home was established by Congress in 1851, with money demanded as booty from the Mexican War, as an asylum for "old and disabled soldiers." Since the Home's beginning, operational funding has come from a Trust Fund. This permanent Trust Fund was established nearly 150 years ago and was fed by monthly, active duty payroll deductions of 25 cents, when the average pay of a soldier was \$11 per month. All fines and forfeitures from the Army, and later the Air Force, came to the U. S. Soldiers' and Airmen's Home and, combined with the monthly withholding, provided the principal support for the Home throughout its history. A user fee was started in Fiscal Year (FY) 77, requiring residents of the Soldiers' and Airmen's Home to pay 25 percent of their military retirement pay to the Home. Currently, 50 cents per month is withheld from the pay of enlisted members, warrant officers, and limited duty officers to support the Homes.

The AFRH mission is to provide a continuum of care and services in a retirement community for retired and former members of the Armed Forces enabling them to live their remaining years among friends in an atmosphere of personal dignity and shared camaraderie; to provide the highest quality of residential, social and health services to residents, emphasizing a holistic approach toward each individual; and to retain the unique identity, atmosphere and tradition of these historic institutions. This continuum of care provides a support system for the majority of the residents who can reside in an independent living status; continues to the next progressive level of assisted living for those residents needing additional assistance with personal needs or medications; and to the final level of dedicated 24-hour nursing care for those whose conditions require this level of support for either a short time or long-term. Under this support system residents are able to age in place. This single entity stresses the importance of excellence of services to meet the needs and expectations of all current and future residents regardless of Service affiliation.

## **BACKGROUND**

The AFRH is a unique Federal agency which closely resembles the private sector Continuing Care Retirement Communities and is funded from the AFRH Trust Fund. The sources of revenue to the Trust Fund are: the current 50 cent per month payroll deduction collected from all active duty enlisted members, warrant officers and limited duty officers; fines and forfeitures adjudicated as a result of violations of the Uniform Code of Military Justice by active duty enlisted members; monthly fees from the resident of the Homes; gifts and bequests to the Homes; and interest gained on the investment of the Trust Fund.

Since the AFRH Act of 1991, the two separate facilities have grown into one Home. As with any family members, they retain their own Service unique personalities but observe the policy guidance and direction of their two operational and oversight bodies. It is not the intention of the AFRH that each facility mirror the other, but rather that each be guided by the same premise and goals, and by common operating procedures. Each facility has a local Board of Trustees which by law is assigned operational oversight and which provides vital inter-Service involvement and support. These Local Boards meet a minimum of four times annually, and have committees that are focused on the individual features vital to the residents; i.e., Resident Life, Health Care Matters, and Fiscal Matters. The committees monitor the activities of the residents and Home operations and offer advice and assistance during comprehensive updates at each meeting by members of the staff. The committees also assist by providing information, data, and analysis that is not available to the staff. The AFRH Board exercises policy oversight for the AFRH and oversees the activities of the Local Board of Trustees. This provides a level of expertise and experience from numerous areas of the Federal Government and from the private sector. Membership for all Boards is shown at Attachment 1. A schedule of AFRH Board events for calendar year 2000 is provided at Attachment 2.

The AFRH website and that of DoD are linked as a "Home for Heroes." This website can be found at (<http://www.defenselink.mil/specials/heroes/>).

## **DEMOGRAPHICS**

The AFRH resident population at the end of FY 00 was 1,478, with 1028 residents at USSAH and 450 at USNH. The residents' home states include 49 of the 50 states, Washington, DC, and Puerto Rico. The youngest resident, 42, resides at USSAH. The oldest resident, 101, resides at USNH. The average AFRH resident's age is 76 years. The population is largely male, 1,338, and there are 140 female residents. There are 18 married couples residing at the Homes. Veterans of all Services reside at both Homes and transfers between the two facilities continue. There are 624 Army residents, 493 Air Force residents, 324 Navy residents, 35 Marine Corps residents and two Coast Guard residents occupying the Homes. The overall population is down by 61 residents since the end of FY 99. Recently the USSAH has, by design, slowed admission to the USSAH facility in order to allow for the renovation of one of the major USSAH dormitories. This renovation is now completed and USSAH is actively soliciting new residents, as is the leadership at USNH.

To meet the operational needs and provide direct care to the residents, the AFRH employs 785 personnel (planned to drop to 767 by FY 02), in a mix of full-time, temporary and resident employees. Residents are employed at each Home to keep costs down and to encourage residents' independence and mobility.

With the downsizing of the active duty forces, the funding stream for the AFRH Trust Fund declined substantially. We have provided our financial report as of 30 September 2000 at Attachment 3.

## **SUPERVISORY CONTROLS**

The AFRH Act of 1991 incorporated the USSAH and the USNH into one independent establishment in the Executive Branch of the Federal Government, combined the Homes under the unified management of the AFRH Board, created a single trust fund, and expanded financing sources with the intent of making the Homes self-supporting.

## **BUDGET**

**Authorization:** The NDAA 2001 authorized funds to be appropriated for FY 01 from the AFRH Trust Fund in the sum of \$69,832,000 (\$60.0 million for Operations and Maintenance, and \$9.8 million for capital outlay) for the operation of the AFRH, including USSAH and USNH. It is important to note that the AFRH operates from the AFRH Trust Fund and that no Federally appropriated funds have been provided to the AFRH except for the \$5 million dollar appropriation mentioned below.

The AFRH Trust Fund balance as of September 30, 2000, was \$102,623,107. It should be noted that approximately \$24 million of the remaining Trust Fund has been earmarked for the USNH's Health Care Facility construction. However, the decision was made at the August 10, 2000, AFRH Board meeting to defer the construction pending success in achieving financial solvency. Without a positive infusion of additional funds (e.g., the 50 cent to \$1.00 increase and/or the lease of 49 acres of land at the USSAH facility), the AFRH projects that financial insolvency will occur in five to eight years due to an annual loss of approximately \$13 million per year. Due to the \$5 million Congressional appropriation through DoD (described below), the AFRH was able to offset a portion of the FY 00 annual loss.

**\$5 Million Dollar Congressional Appropriation for Repair and Maintenance:** The AFRH successfully obligated the \$5 million direct appropriation made available to the Home for repair and maintenance under an agreement with DoD. Approximately \$1.8 million was obligated for repairs to damage caused by Hurricane George in 1998. About \$3 million was used to offset repair and maintenance projects planned for FY 00. The difference between the \$5 million figure and the \$4.8 million obligated was a recission levied against these funds.

**Appropriation Subcommittee:** Since the creation of the AFRH in 1991, Congressional authorizations have come from the Armed Services Committees, while appropriations have been made by the Labor, Health and Human Services and Education (HHS) Subcommittees of the Senate

and House Appropriations Committees. The AFRH has long sought to correct this anomaly and move our appropriations functions to the Defense subcommittees to coincide with authorizations. The Office of Management and Budget supports the move. The AFRH plans to solicit subcommittee support to pursue this action in the 107<sup>th</sup> Congress.

## **HIGHLIGHTS OF THE YEAR**

### **Organizational Changes**

Dr. Laurence G. Branch, PhD, completed a one year Interagency Personnel Management Agreement (IPMA) assignment as Executive Director, AFRH. The IPMA agreement was between the AFRH and Duke University. The AFRH Executive Director position, which Dr. Branch occupied, was first supported by the Department of the Air Force's Inspector General Report in 1998. A proposal has been made to fill the vacated Executive Director position with either a full-time Chief of Staff or Chief Executive Officer.

**Inspections:** The AFRH is currently under a triennial inspection review cycle. The last formal inspection at AFRH was conducted by the Department of the Army's Inspector General staff. The final report of the Army's inspection was issued on November 23, 1999. During FY 00, AFRH continued the process of bringing final resolution to the findings cited in the inspection report.

**Anderson Cottage becomes a National Monument:** On July 7, 2000, President William J. Clinton visited USSAH to declare the former Anderson Cottage a National Monument. The structure is now referred to as Lincoln's Retreat - the Soldiers' Home. The event was well attended by Federal and District of Columbia Government representatives, honored guests, residents and staff of the Home. There was also extensive news media coverage by the White House press corps, as well as major newspapers, e.g., The Washington Post, The Washington Times and Japan's Asahi newspaper carried stories about the Home and its residents. Local television stations also provided coverage of this historic event. Prior to declaring this structure as a National treasure, the National Trust for Historic Preservation included Anderson Cottage on their "Most Endangered List." This structure will now be maintained by funds provided by the National Trust for Historic Preservation and the Department of the Interior.

**District of Columbia Income Tax Amendment:** The District of Columbia Income Tax Amendment Act of 1999, Bill 13-398, successfully negotiated all of the Committees and was included in the District's budget, but unfortunately the full Council deleted the measure for this year. The measure would have provided additional tax relief for military retirees residing in the District of Columbia, thereby easing the tax burden for some USSAH residents. There is still support for the initiative from some members in the Council who intend to pursue the issue again during the next budget year.

**50<sup>th</sup> Anniversary Commemorative Ceremony:** The Naval Home hosted a commemorative ceremony in recognition of the 50<sup>th</sup> Anniversary of the Korean War on June 27, 2000. The Navy's Construction Battalion Command Color Guard opened the ceremony at USNH and a Korean War Commemorative Flag, along with the Prisoner of War/Missing in Action (POW/MIA) Flag, were

presented to the Residents. The POW/MIA Flag flies continuously on the USNH's flagpole.

## **NOTEWORTHY ACHIEVEMENTS AND ADVANCES**

**Management Initiatives:** An audit of the AFRH FY 99 financial statements was conducted by Brown and Company, a private auditing firm. The audit has been completed and the AFRH expects the auditor's final report in early calendar year 2001.

### **Consolidation of Functions**

**Personnel:** An intra-agency support agreement was executed in May 2000 between USSAH and USNH placing civilian personnel administrative services and support for the USNH under the USSAH Personnel Office. Personnel servicing commenced in June 2000 permitting the USNH to terminate the purchase of unsatisfactory support from a third party. This support agreement also facilitated the implementation of uniform civilian personnel administrative policies and procedures with the AFRH. The Naval Home now has a Personnel Specialist who resides on-site and reports to USSAH.

**Equal Employment Opportunity (EEO):** USSAH and USNH signed an agreement for USSAH to provide administrative support to the USNH EEO program. To inaugurate the agreement, the USSAH arranged a week of EEO training for all employees and managers of the Naval Home.

**Accounting Function:** The USSAH and USNH share a dedicated computer transmission circuit. The two Homes continue to consolidate their accounting functions, as well as identify other functional areas that could benefit from utilization of this consolidated system.

### **Accreditation**

**USSAH:** In October 1999, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) provided the results of the survey it conducted at USSAH. USSAH was awarded a 3-year accreditation with commendation.

**USNH:** In October 1999, JCAHO was notified that the USNH corrected all deficiencies found during its March 1999 review. JCAHO accepted resolution of the deficiencies. Currently USNH has no outstanding deficiencies. USNH was awarded a 3-year accreditation effective March 10, 1999.

### **Facilities Improvement**

#### **USSAH**

**Renovation of Sheridan Dormitories at USSAH:** The design/build renovation of the Sheridan Dormitory at USSAH continued during FY 00, remaining on budget but slipping behind schedule due to the contractor's inability to employ the scheduled number of workers in a tight construction

market. USSAH residents took occupancy of Phase II, the north half of the Sheridan Dormitory in March 2000. The renovated dormitory provides private rooms with private baths, air conditioning and heat controlled within the individual rooms, activity rooms on every floor, and walk-in closets in a majority of rooms. The renovated rooms have significantly enhanced the residents' quality of life and have won overwhelming acclaim by the residents. The Fiscal Year ended with one major deficiency still unresolved by the contractor.

Renovation of Ignatius Guest House. The renovation of the Guest House was completed with the installation of new air conditioners, new lighting in hallways, as well as upgraded furniture and drapes for some rooms. The Guest House is operated for the family and guests of residents. It also accepts reservations from active duty and retired enlisted personnel (to include warrant officers) and their dependents on a space available basis on off duty time. Revenue generated goes to the Resident Fund.

## USNH

USNH Health Care Facility: The primary feature of the USNH's facility improvements will be its new Health Care Facility. The need for this improvement was recognized in the late 1980's, but was delayed due to a moratorium on capital projects. While the actual construction has been delayed, the USNH is proceeding with architectural planning. Approximately \$24 million of the Trust Fund has been earmarked for this project.

### Other USNH Facility Improvement Projects for FY 00 included:

- Purchase and installation of metal hurricane shutters for each quarters, the Chapel, the Craft Center and ballroom windows.
- Sealing the exterior of main building which included the replacement of deteriorated windows.
- Expanding emergency power system to include additional lighting in dining areas and connection of additional food service equipment.
- Replacement of deteriorated elevator door tracks and hangers.
- Installation of backflow devices on the potable water system which prevents the back-siphonage of contaminated water from end use sources into the main distribution system.
- Installation of the "Fire Work" program. The program provides touch screen monitoring of any area protected by a detector, faster identification of the site of a problem and the exact nature of the problem, and monitors the condition of supervisory alarms installed on the sprinkler system and fire pump.

Y2K Compliance: The USSAH Support Directorate greeted the new millennium with a task force of computer specialists and facility engineering personnel on duty at midnight on December 31, 1999, to ensure a smooth transition to 2000. During the later half of 1999, the Management Information Systems Division expended significant efforts and resources analyzing, and modifying as necessary, internal, external and imbedded automated information and control systems across the AFRH to preclude Y2K problems. No problems or malfunctions occurred.

Early in 1999 the USNH commissioned a task force made up of USNH employees and the Southern Division of the Naval Facilities Engineering Command to study, evaluate, and correct all Y2K problems prior to January 2000. The project was a joint effort supported by the Department of the Navy and resulted in resolution of compliance issues by October 1999.

## **MAJOR ISSUES FACING THE AFRH**

**Solvency:** By far the most critical issue facing the AFRH is financial solvency. With the cost reduction initiatives that have been implemented, additional income of \$8-10 million per year is required to achieve long term financial solvency. The AFRH Act of 1991 tied the funding stream of the AFRH to the active duty force strength. Unfortunately, the bulk of the funding stream declined as the Services downsized after the end of the Cold War, which resulted in the AFRH receiving less fines and forfeitures and enlisted military payroll deductions.

The AFRH has responded to this fiscal crisis in a variety of ways, such as downsizing the total capacity of the Homes and implementing efficiencies of operations. In spite of inflation and annual increases in civil service salaries, operations and maintenance funding for the AFRH only increased slightly from \$56,411,000 in FY 95 to \$57,373,000 in FY 00. To date, efficiencies have been gained with minimal negative impact on services to the residents. Recently the USSAH actively pursued obtaining funds from the National Trust for Historic Preservation to refurbish the former Anderson Cottage (now referred to as Lincoln's Retreat, the Soldiers' Home). This effort resulted in the cottage being designated as a National Monument. No AFRH Trust Fund money will be used to refurbish this historic treasure. Additionally, the AFRH Board has actively pursued the DoD implementation of the 50 cent to \$1.00 increase authorized by Congress in the FY 1995 National Defense Authorization Act (NDAA). The AFRH has recently undergone a Most Efficient Organization (MEO) Study (Phase 1) and is in the process of beginning a follow-on Phase 2. The AFRH is also actively seeking to lease 49 acres of land at the USSAH facility which will provide a portion of revenues needed in the future to ensure solvency. The Congress has also mandated that DoD conduct a financial study of the AFRH and report its findings back to Congress by March 31, 2001. While no one single initiative mentioned above will result in financial solvency, our projections clearly indicate that financial solvency will be achieved when current initiatives authorized by Congress are implemented.

**50 cents to \$1.00 Increase:** NDAA 1995 authorized an increase in the payroll deduction of enlisted, warrant officer and limited duty officer service members from 50 cents to \$1.00. This legislation authorized the increase to begin in January 1995. To date, the authorization to increase the payroll deduction has not been implemented. The AFRH estimates a loss of approximately \$7.0 million plus interest each year that this authorization is not implemented. Resolution of this issue is currently with DoD.

**Disposition of 49 Acres of Land at USSAH:** NDAA 2000 directed the sale or lease (with option to purchase) of 49 acres of land at USSAH at an amount not less than the fair market value of the real property at its highest and best economic use, as determined by the AFRH Board, based on an independent appraisal. A report of appraisal was received in December 1999. The report was approved by the U. S. Army Corps of Engineers and presented to officials of the AFRH Board, DoD,



and the USSAH Board of Trustees. The AFRH Board, in consultation with DoD, has determined that best interests are served through conveyance of the land by long term lease. A title search was completed and delivered in May 2000. In June 2000, an offer was extended to the Catholic University of America (CUA) to lease the land at appraised value. In July 2000, the offer was rejected. The Phase II Environmental Assessment was completed in August 2000 and in September 2000, a pre-solicitation announcement seeking expressions of interest, was published in the Commerce Business Daily and in newspapers in Boston, Philadelphia, Atlanta, Chicago and Los Angeles. Upon completion of the ongoing bid solicitation process, CUA will be given the opportunity to lease the land by matching or exceeding the highest offer. The AFRH expects to receive bids of at least \$2.8 million per year for long-term lease of the property.

On October 27, 2000, the AFRH Board provided the House and Senate Committees on Armed Services a status report on the progress made during the previous year. These letters also informed congressional members that a formal Request for Proposal was expected in early January 2001.

**Resident Fees:** Current monthly resident fees for both Homes are determined as a percentage of income based on the level of care received (TAB A). Recently Senate Amendment 3232 (Section 646) of NDAA 2001 proposed that a flat fee be established for the residents of the U. S. Naval Home only. The Amendment proposed a monthly flat fee of \$500 for Independent Living, \$750 for Assisted Living, and \$1,250 for Long Term Care residents. The proposed Amendment also authorized the AFRH to set monthly fees at the U. S. Soldiers' and Airmen's Home to meet the needs of that establishment. Although this proposal was well intended, the projected impact on the AFRH's Trust Fund was devastating. The provisions of the proposed Amendment would severely reduce income to the Trust Fund which supports the operation of the Homes. Income would be reduced in FY 01 about \$1.5 million and by an average of \$3 million annually in FYs 01-05 based only on the residency of the U.S. Naval Home. If the flat fee were extended to the residency of the entire AFRH, income would be reduced by about \$3.5 million in FY 01 and by an average of \$6 million per year over the period of FYs 01-05.

The AFRH opposed this legislation because excluding individuals from the Home, on the basis of inability to pay the minimum proposed flat fee, was contrary to the 150-year philosophy of the Home. Additionally, the proposed legislation did not allow for inflation or expenses associated with patient's level of care progression. The proposed legislation was not adopted by Congress. However, Congress mandated that DoD conduct a review of the entire AFRH financial picture and report its findings back to Congress. A review of monthly resident fees is expected to be included in the Congressionally-mandated study.

**AFRH Most Efficient Organization Study:** In response to a recommendation by the Department of the Army Inspector General Report dated November 23, 1999, the Office of the Deputy Assistant Secretary of Defense for Personnel Support, Families and Education (ODASD (PSF&E)), on behalf of the AFRH, sought assistance for the conduct of a Most Efficient Organization (MEO) study of the AFRH organization, staff, and operations. The DoD Quality Management Office (QMO) provided funds for Gartman and Associates, a private consulting firm, to

conduct the MEO Study. Phase 1 of this efficiency study began in December 1999 and ran through August 2000. Estimated savings for MEO Phase 1 were \$12.9 million over 5 years. Additionally, the MEO Study estimated that cost avoidances could result in approximately \$1.5 million in annual interest income. While the savings identified through the AFRH MEO Study will not solely ensure solvency, savings realized as a result of this Study represent an important share of the additional \$8-\$10 million needed annually to ensure solvency. Phase 2 of the MEO Study is expected to begin in early calendar year 2001.

**Non-Reimbursable DoD Support:** Under the 1993 amendment of the AFRH Act of 1991, DoD may "make available to the Retirement Home, on a non-reimbursable basis, ...support necessary to enable the Retirement Home to carry out its functions under this Act." The AFRH is grateful to the DoD QMO for the funds and support they made available to Home in the conduct of the AFRH MEO Study; specifically, the services of Gartman and Associates as well as conference space to conduct MEO Executive Team meetings. We also appreciate the legal assistance provided to the Home by the DoD Office of General Counsel regarding the disposition of the 49 acres of land at USSAH, as well as a variety of other support provided by the Services. The AFRH continues to seek support from DoD and the Services as an avenue for cost avoidance and savings to the AFRH. The AFRH recognizes that DoD and the Services are operating on reduced budgets and downsized staffs. We wish to thank DoD for all their support to date.

**Voluntary Allotment Program:** Title 37, United States Code, allows retired personnel to establish discretionary allotments to several organizations or entities. As a result of a nation-wide marketing effort to obtain additional funding for the AFRH through voluntary allotments, the AFRH realized a substantial increase in retiree allotments in the FY 00. The AFRH received income from the allotments of approximately 2,700 Army, Air Force, Navy, and Marine Corps retirees. The total income received from these allotments for FY 00 was \$160,959. Each year the AFRH realizes a positive increase in the revenue generated from this allotment program. The AFRH hopes that with additional marketing, allotments will increase even more in future years.

**Armed Forces Retirement Home Foundation:** The AFRH Foundation is a private entity established by a group of military associations headed by the Air Force Sergeant's Association (AFSA). Its purpose is to raise funds to support the AFRH. In FY 00, the AFRH Foundation was successful in becoming a participant in the National Combined Federal Campaign. The AFRH appreciates the efforts of the AFRH Foundation.

## **CARE FOR THE RESIDENTS**

### **Delivery of Services**

**USSAH:** For the first time in recent memory, the King Health Center at USSAH experienced a labor shortage in the licensed nursing staff. Active recruiting strategies were initiated, but proved unsuccessful. Consequently, USSAH was forced to contract for licensed nurses on a fill-in basis at a higher pay scale. This shortage of licensed nursing staff is not unique to USSAH, but affects the entire Washington, DC, Metropolitan area. Efforts to correct this situation are underway.

The geriatric rotation training of the George Washington University fellow, Family Practice resident from Malcolm Grow Medical Center, and Internal Medicine residents from Washington Hospital Center and Wilford Hall Medical Center continue with a high degree of satisfaction to all involved personnel. The feedback from both residents and trainees are positive and encouraging.

USSAH Social Workers with the assistance of Resident Services' personnel produced a well attended and informative Suicide Awareness Program. Continued emphasis on responsible use of alcohol and the detection and treatment of depression have been significant preventive medicine initiatives.

Significant to discussion on future savings is the ultimate location of USSAH's Dementia/Alzheimer's unit. Until this issue is resolved, closure of the Pipes Building with attendant savings is not possible. USSAH continues to look at the cost savings potential of contracting out outpatient care. However, recent experience with an attempt to contract outpatient services reflected a higher cost for contracting than retaining them in-house.

USSAH continues to enjoy outstanding support from the Walter Reed Army Medical Center and the local Veteran Administration staff. Partnership with these two facilities has proved extremely beneficial for the care of USSAH residents.

Legionnaire's Disease: In March of 2000 one of USSAH's residents was diagnosed as having Legionnaire's Disease. (During the incubation period the resident was in several locales other than USSAH making the site of infection unclear.) Preliminary assessment of the living quarters disclosed significant levels of legionella pneumophila in the shower water of the two rooms he had previously occupied. Additional studies taken from rooms which were in constant use strongly suggested the possibility of a more widespread problem. A sampling and analysis program was requested from Walter Reed Army Medical Center. The results of that study confirmed the presence of the legionella bacteria in all buildings tested on the USSAH grounds. A protocol including high temperature flushing of the system with pasteurization temperatures was scheduled for early FY 2001. The risk of legionella bacteria is present throughout the District of Columbia. The District of Columbia's new water treatment program (chloramination) will help to control this condition in the Washington, DC, area on the long term basis. No additional cases were reported at USSAH by the end of the fiscal year. No cases have been reported at USNH.

USNH: The development and growth of the Diabetic, Coumadin, Gynecology, GEM, Dental and Podiatry Clinics at USNH has continued with great resident satisfaction. The newest addition to the ambulatory care services is the Pulmonary Clinic which has enhanced patient instruction and medication compliance for our independent-living residents with chronic lung disease; this clinic is manned by RUOK Program Nurse and Assistant. The new contractors in the Psychology Clinic provide inpatient and ambulatory psychological consultation and therapy; this group practice has been well accepted by the resident population at USNH. Most recently the Veteran Administration Medical Center, Biloxi, has established a satellite audiology clinic complete with installation of an audiology booth in that area; this service provides the majority of audiology needs for our USNH residents which previously required off-site appointments. An experienced Speech Therapist who provides consultation in-house for USNH's Long Term Care and Assisted Living Unit patients was

an added bonus. An in-house cognitive rehab group has been formed to assist members of the neurologically-impaired population.

The Naval Home remains grateful for the outpatient and inpatient services provided to the Naval Home residents at Keesler Medical Center. Secretary of the Air Force Designation of Naval Home Residents to receive outpatient services (new to the USNH this year) has significantly enhanced USNH's laboratory services, decreased processing expenses as a result of decreased use of contract vendors and dramatically improved reporting of results in a timely manner. Computer support and pharmacy assistance from Keesler have proved invaluable.

Pre-existing educational programs including Internal Medicine and Family Practice Physician Rotation are ongoing with Keesler Medical Center, Pensacola Naval Hospital, and Eglin Air Force Base. The length of the geriatric rotation by Eglin and Pensacola Resident Physicians has been extended from two to three and four week options this year. The Pharm D and Certified Pharmacy Tech Programs established with Mississippi Gulf Coast College and the University of Mississippi continue with great participant feedback. The Nursing Education Program with Mississippi Gulf Coast Junior College remains an asset to both students and our residents.

Personnel accomplishments include the hiring of the new Clinical Social Worker who has assumed the full case load of the Long Term Care Unit and Assisted Living Unit which frees the existing facility Social Worker to exclusively serve our independent living residents.

### **Environment of Care/Services**

The AFRH is ever-mindful of the need to continue its valued ties to the Military Services and retiree organizations. The Services and military organizations continued their vital support of the Homes. Through donations of equipment, funding of recreational and leisure equipment and outings, organizations such as the Non Commissioned Officers Association play a large role in the enhancement of the quality of life of the AFRH residents. Members of military associations in both Gulfport, Mississippi, and Washington, DC, and the local Honor Guards of the Services routinely volunteer their time at events at the Homes, and provide gifts and prizes for various functions. The presence of visitors and interns provides valuable support. The presence of visitors in uniform adds greatly to the spirit and morale of the residents and is invaluable. During the year, thousands of active duty members, as well as numerous historic preservation groups visited the two facilities. These visits reassure the residents that the active duty community considers them a part of the military family.

The Therapeutic Recreation Program at both Homes offers both individual and group programs. Programs range from diversional activities to comprehensive therapeutic recreation and include: wellness, cognitive function, intergenerational/pet therapy, social functions, community-based programs and individual leisure interests.

### **Specialties of Care**

As the residents age, their health care needs become more focused, and specialized treatment

and an emphasis on preventive care is required. The primary health problems leading to admission to full-time health care are: cardiovascular; respiratory/pulmonary; gastrointestinal; musculoskeletal and connective tissue problems; cancer and strokes. The goal of each full-time health care facility is to return residents to independent living status. Each year, however, there are approximately 150 deaths. At the end of FY 00, there were 223 residents assigned to the Health Care Facility at USSAH and 49 residents at USNH. Residents are seen on an outpatient basis predominately for the following reasons: nursing procedures/routine follow-up care, podiatry, and nutrition.

## IN SUMMARY...

The AFRH Board continues to focus on 3 major goals:

- continued quality of life for current and future residents of the Home,
- the long-term fiscal solvency of the Homes; and
- the ongoing integration of these formerly separate Homes into one entity.

Achieving the optimum balance between these goals is often challenging. The major impediment to achieving these goals is the decrease in funding that occurred with the downsizing of active duty forces in the 1990s. Because the funding stream is tied to the size of the active duty force strength, the bulk of the funding stream has declined. Additionally, the Trust Fund could be augmented by an additional \$7 million annually if the unexecuted authority of DoD to increase the active duty monthly assessment from 50 cents to \$1.00 is exercised.

The AFRH has responded to the fiscal crisis in a variety of ways such as downsizing the total capacity of the Homes and implementing efficiencies of operations. In spite of inflation and annual increases in civil service salaries, operation and maintenance funding for the AFRH has only increased slightly from \$56,411,000 in FY 95 to \$57,373,000 in FY 00. The capital improvement program continues to assist in reducing our operation and maintenance needs by upgrading and replacing high maintenance cost facilities. To date, efficiencies have been gained with minimal negative impact to services to the residents. Residents are also being asked to pay more for their services. The unexecuted authority to increase the active duty assessment to \$1.00 per month is being actively pursued by the Board. These steps and the others referred to in this report will resolve the long-term fiscal situation of the Homes. The combination of efficiencies of operations, implementation of the increased active duty pay deduction, and the ability to realize best and highest value use of the USSAH land will provide a long term solution.

We are extremely grateful to Congress for its continued involvement and attention to our mission and needs. The AFRH is striving to "take care of its own," but the help of all is needed--residents, management, the DoD/Services, other agencies, and Congress to achieve the goals of the AFRH, and to provide for a better, more secure future for the distinguished veterans who are the residents of the *Armed Forces Retirement Home*.

## **ARMED FORCES RETIREMENT HOME FEE STRUCTURE**

The current law requires each resident of the Retirement Home to pay a monthly fee equal to the amount determined by multiplying the total amount of all monthly income and monthly payments (including Federal payments) received by the resident by a percentage as follows:

(1) In the case of a permanent health care resident:

- (a) In fiscal year 1998, 35 percent
- (b) In fiscal year 1999, 45 percent; and
- (c) In fiscal year 2000, 65 percent
- (d) The AFRH caps these resident fees at \$2,500 per month

(2) In the case of a resident who is not a permanent health care resident:

- (a) In fiscal year 1998, 30 percent
- (b) In fiscal year 1999, 35 percent; and
- (c) In fiscal year 2000, 40 percent
- (d) The AFRH caps these resident fees at \$1,500 per month

This fee structure was designed to incorporate and support the principle that access to the AFRH Homes is a benefit for military service and that no eligible beneficiary should be denied entry based on insufficient income. It ensures access to care and services for all whose military service qualified them for the benefit. The Homes currently provide a residence, care, and services to each resident in return for a percentage of his or her total income, no matter how little that may be.

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	<b>U.S. Soldiers' and Airmen's Home Board of Trustees Officers of the Home</b>
	<b>U.S. Naval Home Board of Trustees Officers of the Home</b>
<b>Attachment 2:</b>	<b>2000 AFRHB Events Schedule</b>
<b>Attachment 3:</b>	<b>AFRH Trust Fund Financial Report</b>

**ARMED FORCES RETIREMENT HOME BOARD**

September 30, 2000

**Chair/Retirement Home Expert**

Mr. David F. Lacy, Executive Director, Southminster, Charlotte, NC

**Retirement Home Expert**

Mr. Robert B. Armstrong, Bolster Heights Health Care Facility, Auburn, ME

**Gerontologist**

Dr. Jan Busby-Whitehead, University of North Carolina, Chapel Hill, NC

**Gerontologist**

Vacant

**Deputy Assistant Secretary of Defense (Military Community and Family Policy)**

Mr. Victor Vasquez, Jr.

**Department of Defense Comptroller Representative**

Mr. John M. Evans

**Department of Defense Health Affairs Representative**

Dr. J. F. Mazzuchi, DASD, Clinical Services

**Department of Defense General Counsel Representative**

Mr. James R. Schwenk

**Deputy Chief of Staff, Personnel, Department of the Army**

LTG Timothy Maude, USA

**Chief of Naval Personnel**

VADM Norbert R. Ryan, Jr., USN

**Chief Master Sergeant of the Air Force**

CMSAF Frederick J. Finch, USAF

**Sergeant Major of the Marine Corps**

Sergeant Major Alford L. McMichael, USMC

**Sergeant Major of the Army**

Sergeant Major Jack L. Tilley, USA

Attachment



**Master Chief Petty Officer of the Navy**  
MCPON James L. Herdt, USN

**Office of Management and Budget Representative**  
Ms. Kathleen Peroff, Deputy Associate Director for National Security

**Department of Veterans Affairs Representative**  
Ms. Marsha Goodwin-Beck

**Department of Health and Human Services Representative**  
CAPT Peter Mazzella, USPHS, Director, Office of Veterans' Affairs and Military Liaison

**Service Retiree Council Representative**  
CSM Robert R. Mix, USA, (Ret.), Director of Military Affairs, National Capital Office, Non Commissioned Officers Association

**Chair, USSAH Board of Trustees**  
**Deputy Chief of Staff, Personnel, U.S. Air Force**  
Lieutenant General Donald L. Peterson, USAF

**Chair, USNH Board of Trustees**  
Sergeant Major of the Marine Corps Harold Gene Overstreet, USMC (Ret.)

**Director, U. S. Soldiers' and Airmen's Home**  
MG Donald C. Hilbert, USA (Ret.)

**Director, U. S. Naval Home**  
CAPT Jesse Vasquez, USN

**Chair, Resident Advisory Committee, U. S. Soldiers' and Airmen's Home**  
Mr. Robert Devaney

**Chair, Resident Advisory Committee, U. S. Naval Home**  
Ms. Velda White

**AFRH Board Staff**

Ms. Nancy C. Duran, Assistant to the Chair  
Ms. Judy W. Mayfield, Program Assistant

**ARMED FORCES RETIREMENT HOME BOARD**  
**Events Schedule for 2000**

**JANUARY**

18 Jan - MEO Offsite

**FEBRUARY**

17 Feb - MEO Offsite

**MARCH**

9/10 Mar - Joint AFRHB/USNH Local Board of Trustees Meeting at USNH

16 Mar - USSAH Executive Committee Meeting

31 Mar - Close-out date for Semi-annual reports from Boards of Trustees

**APRIL**

6 Apr AFRH FY 2001 Budget Hearing before HAC

**MAY**

23 May - MEO Offsite

**JUNE**

8 Jun - USSAH Board Trustees Meeting

8/9 Jun - USNH Board of Trustees Meeting

22 Jun - AFRHB ExCom Meeting/Finance Committee Meeting - USSAH

**JULY**

01 Jul - Semi-annual report due

**AUGUST**

9/10 Aug - AFRHB Meeting at USSAH

**SEPTEMBER**

8 Sep - AFRH Budget due to OMB

7/8 Sep - USNH Executive Committee Meeting

28 Sep - USSAH Executive Committee Meeting

30 Sep - Close-out date for Annual Oversight Report

**OCTOBER**

**NOVEMBER**

30 Nov - USSAH Board of Trustees Meeting

30 Nov - Annual Oversight Reports due from Chairs, Boards of Trustees

**DECEMBER**

07 Dec - AFRHB ExCom Meeting - USNH

7/8 Dec - USNH Board of Trustees Meeting

31 Dec - AFRH Annual Report due to Congress (via SecDef)

August 1, 2000

Attachment 2

FINANCIAL REPORT  
**ARMED FORCES RETIREMENT HOME TRUST FUND**  
Balance as of September 30, 2000

Trust Fund Balance 1 October 1999	\$102,285,314
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Receipts

Interest	5,011,679
Fines and Forfeitures	30,693,341
Pay Deductions	7,028,099
Resident Fees	13,530,960
Donations	216,299
Bequests, Estates, etc.	280,264
DoD Reimbursable	<u>4,821,000</u>

Total	\$61,581,642
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Disbursements (incl DoD reimbursable)

U.S. Naval Home	
Capital Outlay	1,025,360
Operations and Maintenance	14,380,110
U.S. Soldiers' and Airmen's Home	
Capital Outlay	4,452,083
Operations and Maintenance	41,386,296

Total Capital	5,477,442
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Total O&M	55,766,406
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Total Disbursements	\$61,243,849
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Trust Fund Balance September 30, 2000	\$102,623,107
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